

Corporate Governance

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ORGANO CORPORATION

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The corporate governance of ORGANO CORPORATION (the “Company”) is described below.

I Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

The Company has been engaging in efforts to enhance corporate governance that conforms to the following basic views in order to realize fair and trustworthy management and improve management efficiency.

- (1) The Company will respect the rights of shareholders and ensure equality.
- (2) The Company will take into account the benefits for a wide range of stakeholders including shareholders/investors, consumers/customers, business partners, employees and local communities, and cooperate with these stakeholders appropriately.
- (3) The Company will disclose the Company’s information timely and properly, and ensure transparency.
- (4) The Directors, Audit and Supervisory Board Members, and Executive Officers will recognize their fiduciary responsibilities, and will effectively fulfill their expected roles and duties.
- (5) The Company will hold constructive dialogue with shareholders.

The Company’s basic views and basic policy on corporate governance are provided in the “Organo Corporate Governance Guidelines” available on the Company’s website.

(<https://www.organo.co.jp/english/company/governance/guidance/>)

[Reasons for Non-compliance With the Principles of Japan’s Corporate Governance Code] [Update]

The Company describes the information based on the Corporate Governance Code revised in June 2021.

Supplementary Principle 4.1.3 Succession Plan for the CEO and other Top Executives, Supplementary Principle 4.3.2 and 4.3.3 Appointment and Dismissal of the CEO

The Company stipulates the “Qualifications required for the Director and President” as part of a succession plan and shares them with Tosoh Corporation, the parent company. In addition, the Company established the council between the Company’s Nomination and Remuneration Advisory Committee and the parent company’s Selection/Compensation Committee in the fiscal year 2019.

The Board of Directors will be involved in the succession plan through deliberations of the revision to the “Qualifications required for the Director and President.” The revision to the “Qualifications required for the Director and President” is determined by the resolution of the Board of Directors after obtaining opinions based on review by the Nomination and Remuneration Advisory Committee.

Supplementary Principle 3.1.3 Disclosure Based on TCFD and Other Frameworks

In December 2021, the Group established the Sustainability Committee as an organ to plan, propose, and implement measures to promote sustainability management, and as its subordinate organ, the Sustainability Implementation Meeting, which is responsible for the specific promotion of the measures. Currently, the Sustainability Committee is taking the lead and has started work to identify the amount of greenhouse gas

emissions and analyze scenarios, in order to promote disclosures on the efforts to address climate change issues, analysis of relevant scenarios, identification of risks and opportunities related to the climate change, as well as measures to address them.

The Company will examine methods of reducing greenhouse gas emissions and their impact on its business, and promptly disclose information on the reduction targets and indicators.

[Disclosures Based on the Principles of Japan's Corporate Governance Code] [Update]

Principle 1.4 Cross-Shareholdings

(1) Policy relating to cross-shareholdings

The Company adopts a basic policy of not acquiring or holding the shares of concerned companies except when it judges that the holdings contribute to enhancing the Company's corporate value such as strengthening medium- to long-term cooperation with customers, business partners, etc., expanding transactions and creating synergies.

At the Board of Directors each year, the Company comprehensively evaluates the benefits and risks of each individual cross-shareholding in light of the holding costs, and verifies the rationale of holdings from a medium- to long-term perspective. If the Board of Directors judges that the holdings are not deemed reasonable as a result of its verification, the Company will, in principle, proceed with reducing the amount of holdings through measures such as the sale or transfer of the shares.

Specifically, the Company implements the evaluation based on the following evaluation items and makes a judgement on sale or transfer.

- The presence or absence of a scandal such as the violation of laws and regulations or accounting frauds in the past one year
- Trends in business performance, stock prices, dividends and transactions with the Company in the past three fiscal years
- Opinions on holdings from the department in charge

In evaluating the trend in transactions with the Company, the Company sets criteria for each evaluation item such as designating the matter as a verification target for sale or transfer if no transactions or insignificant transactions were made during the past three fiscal years.

In a verification conducted in June 2022, the Company comprehensively verified all 18 issues of shares including the shares of unlisted companies regarding the rationale of their holdings based on the aforementioned policy.

As a result, the Company judged that the significance of holding one issue of listed shares and one issue of unlisted shares has diminished and has decided to sell them.

For some issues of shares of which significance of holding was determined to have diminished in the verification conducted in June 2021, the Company has decided to gradually reduce those amounts in consideration of the issuers' policies moving forward.

As of March 31, 2022, the total amount of cross-shareholdings recognized in the balance sheet was ¥826 million, which accounts for less than 1 percent of the consolidated total assets, and the Company considers the amount to be insignificant.

(2) Criteria for exercising voting rights regarding cross-shareholdings

The Company makes a judgment regarding exercising voting rights for cross-shareholdings from the perspective of whether or not the exercising contributes to the medium- to long-term enhancement of corporate value for both the Company and investee companies. In particular regarding shares of listed companies, the Company prescribes the standards for approval or disapproval of proposals deemed to be of high importance, such as appropriation of surplus, election of officers, remuneration for officers and anti-takeover measures, and will respond in accordance with such standards.

Principle 1.7 Related Party Transactions

The Company shall require the approval from the Board of Directors for competitive transactions and conflict of interest transactions with Directors and the corporations, etc. substantially controlled by Directors, and shall report important matters relating to conflict of interest transactions between a Director and the Company to the Board of Directors. The Company examines the presence or absence of related party transactions between Directors as well as their close relatives and the Group companies each year, and monitors the situation.

In addition, regarding transactions between the Company and major shareholders, etc., the Company requires obtaining prescribed decision and approval for transactions in accordance with the size, characteristics, significance and other factors of the transactions, in a similar manner as with transactions with other companies

that do not have a capital relationship with the Company. The Company and its parent company Tosoh Corporation have a relationship in which the Company purchases items such as some raw materials for water treatment chemicals from Tosoh Corporation and it also carries out other transactions with Tosoh Corporation such as selling various types of water treatment systems and related chemicals to the said company. However, the amount is insignificant and the transactions fall under the general activities belonging to the Company's business, and in light of the size and characteristics of the transactions, the Company judges that they do not harm the interests of the Company and its shareholders.

Supplementary Principle 2.4.1 Ensuring Diversity, Including Active Participation of Women

(1) Stance on ensuring diversity

The Company prescribes “ensuring a comfortable workplace where all employees can realize their full potential” in the “Organo Group Company Code of Conduct” and declares that it shall respect the human rights, diversity and individuality of each individual, and will not discriminate based on nationality, gender, creed, physical condition, or social status. Based on this foundation, the Company evaluates employees in a fair and impartial manner based on ability, regardless of their backgrounds including gender, age, nationality or disability, and recruits, trains and appoints them to managerial positions.

(2) Voluntary and measurable goals for ensuring diversity and their status

As of the end of March 2022, the number of women in managerial positions in the Company was 16 (the ratio of women in managerial positions was 4.3%), and the Company aims to increase the number to 30 by 2026. In addition, in accordance with the Act on Promotion of Female Participation and Career Advancement in the Workplace, the Company satisfies certain criteria regarding items such as the ratio of women hired and the continued employment ratio, and has been continuously granted the “Eruboshi (Three-star Rating)” certification since 2017. As of the end of March 2022, the Company has not appointed a foreign national employee to a managerial position, but has a certain number of foreign national employees and plans to appoint them to managerial positions based on its stance of appointing employees to managerial positions based on their ability in a fair and impartial manner, regardless of nationality. The Company recruits about 15 midcareer hires needed by the Company per year regardless of managerial or non-managerial positions, and aims to recruit approximately 20 midcareer hires per year going forward.

(3) Human resource development policy and internal environment development policy to ensure diversity, and status of their implementation

Given that its workforce consists of a diverse range of employees possessing a variety of personalities and backgrounds, the Company aims to develop an environment where all employees are able to fulfill their potential and realize growth.

As of the end of March 2022, the Company is implementing initiatives such as assigning female employees to the departments in charge of construction management, which previously was staffed mainly by male employees, enriching Japanese language education for foreign national employees, giving consideration to the company cafeteria, and establishing a prayer room.

Please refer to the “ORGANO GROUP REPORT” for details.

(<https://www.organo.co.jp/english/ir/group-report/>)

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

The Company adopts a contract-type defined benefit corporate pension fund and entrusts the administration and management of pension assets to asset management institutions that have expressed acceptance of the Stewardship Code. The Company strives to ensure safety and efficiency of pension asset management through activities such as periodically checking performance results and economic indicators and considering the revision to the fund management policy in a meeting body consisting of members with appropriate qualifications including General Managers of Human Resources Dept. and Accounting Dept.

In addition, the pension asset is managed in the joint account of multiple asset management institutions that have expressed acceptance of the Stewardship Code, and the exercising of voting rights, etc. cannot be ordered through the pension asset. Therefore, the Company considers the conflict of interest between the Company and the beneficiaries as appropriately managed.

Principle 3.1 Full Disclosure

(1) Management philosophy, management strategy, management plan, etc.

The Company prescribes its corporate philosophy, the “Management Philosophy” that expresses the Company’s reason for existence and the “Long-term Management Vision” with an eye toward the direction of management in the next ten years and makes them available on its website.

(<https://www.organo.co.jp/english/company/philosophy/>)

With regard to the return of profit to shareholders in its capital policy, the Company strives to provide distribution of profits in a way that considers the Company’s revenue status, while adhering to a basic policy of providing stable and continuous dividends. The Company will utilize internal reserve funds in business investments and R&D investments, etc., to achieve sustainable growth.

The Company has also formulated its three-year Medium-term Management Plan. The Company adopts a rolling method of updating the plan every year without fixing the ending fiscal year to continue its business management with an eye toward the next three years at all times. The overview is posted on its financial results presentation materials and shareholder newsletters. Such materials are available on the Company’s website.

(2) Basic views and basic policy on corporate governance

The Company’s basic views and basic policy on corporate governance are provided in the “Organo Corporate Governance Guidelines” available on the Company’s website.

(<https://www.organo.co.jp/english/company/governance/guidance/>)

(3) Policies and procedures in determining remuneration to Directors and Audit and Supervisory Board Members

a. Directors

The following is a summary of the Company’s “Policy for determining remuneration, etc. to Directors” (revised July 30, 2021) resolved at the Board of Directors meeting held on February 1, 2021.

i. Basic policy

The remuneration system for Executive Directors, in addition to the fixed remuneration (cash), encourages business execution in line with management policies and management targets and establishes a remuneration framework and remuneration standards which provide strong incentive for the achievement of short-term and mid- to long-term management targets in order to achieve sustainable growth and improve the corporate value of the Group. The remuneration system for Non-Executive Directors, including Outside Directors, shall be fixed remuneration (cash) only, for the purpose of effectively functioning their supervisory and monitoring functions.

ii. Remuneration framework

1) Executive Directors

Remuneration to Executive Directors consists of fixed remuneration and performance-linked remuneration, and performance-linked remuneration consists of short-term performance-linked remuneration (cash) and mid- and long-term performance-linked remuneration (stock). The remuneration level is designed to be appropriate for each position by comparing and verifying it with objective data such as remuneration levels from external remuneration consultants and remuneration survey data from external research organizations.

A) Fixed remuneration

The total amount of remuneration based on the remuneration table set for each position shall be paid in equal monthly installments from July to June of the following year.

B) Performance-linked remuneration

The ratio of the total amount of performance-linked remuneration is designed to be approximately 50% to 60% when the performance evaluation index is the standard value set by the Board of Directors, and this ratio is higher for Directors of higher ranks. In addition, the ratio of short-term performance-linked remuneration (cash) to medium-to-long-term performance-linked remuneration (shares) shall be designed to be approximately 7:3 in the case the performance evaluation index is at the standard value set by the Board of Directors. From April 1, 2022 onwards, the ratio shall be designed to be approximately 5:5.

• Short-term performance-linked remuneration (cash)

The short-term performance-linked remuneration shall be monetary remuneration. From the perspective of clarifying the relationship between business performance and remuneration, the Company shall use the consolidated operating profit, which is an important management index of the Group, as the performance evaluation index, and shall pay the total amount calculated by the remuneration table for each position according to the consolidated operating profit of the previous fiscal year in equal monthly installments from July to June

of the following year. The amount paid varies in the range of 0-170% depending on the amount of consolidated operating profit.

- Medium-to-long-term performance-linked remuneration (shares)

The medium-to-long-term performance-linked remuneration is a stock-based remuneration plan using a trust. From the perspective of improving corporate values over the medium to long term and aligning the interests with those of shareholders, the Company shall use the consolidated return on equity (ROE), which is an important management indicator of the Group and indicates capital efficiency, as the performance evaluation indicator, and shall deliver shares of the Company calculated based on the performance-linked coefficient determined in accordance with the consolidated return on equity for the previous fiscal year and the basic amount for each position. The amount equivalent to the payment varies in the range of 0 to 200% depending on the consolidated return on equity. In addition, the Company has established a three-year transfer restriction period from the time of delivery of the shares to be delivered.

2) Non-Executive Director

The remuneration for Non-Executive Directors consists of a fixed remuneration only, and the total remuneration based on their position is paid in equal monthly installments from July to June of the following year. The remuneration level is designed to be appropriate for each position by comparing and verifying it with objective data such as remuneration levels from external remuneration consultants and remuneration survey data from external research organizations, and by taking into consideration the appointment of each Director as a member of important committees and the nature of their duties.

iii. Process of determining remuneration

The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors in order to ensure objectivity and transparency in the process of determining remuneration, etc. and provide an appropriate amount of remuneration. The amount of remuneration to the Company's Directors and the method of calculating such amount shall be determined by resolution of the Board of Directors based on the opinion of the Nomination and Remuneration Advisory Committee and within the scope of the remuneration limit determined by resolution of the General Meeting of Shareholders.

The Nomination and Remuneration Advisory Committee shall review matters such as the total amount of remuneration for Directors, confirmation of the amount of remuneration for individual Directors, and the policy of remuneration, etc. for Directors, and report to the Board of Directors. Among the remunerations for Directors, the amount of remuneration and the number of shares to be paid for performance-linked remuneration shall be determined in unison in accordance with a predetermined method.

At the Nomination and Remuneration Advisory Committee during the 77th fiscal year, in addition to the policy relating to the decision of remunerations, etc. for Directors, the total and individual remuneration amounts for officers in the fiscal year under review were deliberated. In addition, the results of deliberations were reported to the Board of Directors.

b. Audit and Supervisory Board Members

Remuneration to Audit and Supervisory Board Members is a fixed amount according to their respective positions in the Company. The amount of remuneration is determined through discussion by the Audit and Supervisory Board Members within the scope of the remuneration limit determined by resolution of the General Meeting of Shareholders.

(4) Policies and procedures in nominating the candidates for Directors and Audit and Supervisory Board Members and the dismissal of senior management

The Board of Directors determines the candidates for Directors through the consideration and opinions of the Nomination and Remuneration Advisory Committee based on the evaluation of the qualifications required for Directors such as personality, insight, ability, experience, ethical viewpoint, etc., in addition to performance and other factors. The candidates for Independent Outside Directors shall satisfy the independence criteria for outside officers prescribed by the Company. At the Nomination and Remuneration Advisory Committee during the 77th fiscal year, the expected roles for Outside Directors were deliberated in addition to the selection of the candidates for Directors.

In addition, the results of deliberations are reported to the Board of Directors.

In the selection of the candidates for Audit and Supervisory Board Members, the Director and President prepares a personnel proposal based on the evaluation of the qualifications, etc. required for Audit and Supervisory Board Members, such as personality, insight, ability, experience, ethical viewpoint, etc. and then the Board of Directors determines those candidates after obtaining the consent of the Audit and Supervisory Board.

If a Director falls under the criteria for considering dismissal prescribed by the Company, such as a continuation of poor business performance in a certain period or an occurrence of a significant scandal, the Company considers as to whether or not it is necessary to dismiss the Director. Specifically, the Company discusses with the parent company, and if the dismissal is deemed relevant in consideration of external environmental factors, etc., the Board of Directors determines that it dismisses the person from Representative Director, Director with titles and other positions and does not nominate the person as a reelection candidate for Director.

(5) Explanations on individual selections and nominations in nominating the candidates for Directors and Audit and Supervisory Board Members

The Company describes the explanations on individual selections and nominations in nominating the candidates for Directors and Audit and Supervisory Board in the notice of the General Meeting of Shareholders, Registration Statement of Independent Officers, as well as [Directors] and [Audit and Supervisory Board Members] of this report. The notice of the General Meeting of Shareholders is announced on the Company's website.

(<https://www.organo.co.jp/english/ir/general-meeting-of-shareholders/>)

Supplementary Principle 3.1.3 Initiatives on Sustainability and Investments in Human Capital and Intellectual Properties, Etc.

(1) Initiatives of the Company on sustainability

The Board of Directors identified the materiality in May 2022 and established the basic sustainability policy in June 2022, based on the report and recommendations from the Sustainability Committee. The Company will continue to promote sustainability management based on the established basic policy.

The system for promoting sustainability, basic sustainability policy, materiality, and other information are disclosed on the Company's website.

(<https://www.organo.co.jp/english/company/sustainability/concept/>)

(2) Investments in human capital and intellectual properties, etc.

In its Medium-term Management Plan for fiscal years 2022 to 2024, the Group has established initiatives for developing and utilizing diverse human resources in Japan and overseas as part of efforts to build its business foundation.

As part of the initiative to strengthen human resource development, the Company is promoting a medium- to long-term global human resource strategy.

In this fiscal year, the Company has established the Global Sourcing Office in the Purchasing & Logistics Dept. to strengthen procurement functions through cross-group activities as well as to develop human resources who can play an active role in global operations. In the future, such cross-group activities will expand into engineering, legal, accounting, human resources, and other functions, with an aim to enhance the capabilities of global human resources as well as the overall strength of the Group.

As a development program for managers to become part of the Company's future management team, the Company has an intensive investment program in education related to corporate management and organizational operation for employees selected from manager levels. At the same time, as part of a policy to develop employees with highly specialized expertise, the Company designates the positions of employees with specialized skills as expert positions.

The human resource development program has been enriched in order to develop employees who can play an active role in a wide range of fields keeping up with the times. An example of the program is, from this fiscal year, training for developing a cross-cultural understanding and for the DX have been added to the new employee onboarding training program.

Moreover, as a workstyle reform initiative, the Company has been promoting streamlining operations by shifting to a paperless system, utilizing ICT tools and implementing other measures.

As investments in intellectual properties, the Company has expanded investment in technology research with a target of 2.5% or more of consolidated net sales, and has made efforts to create new businesses through next-

generation ultra-pure water systems, water recovery technologies, and non-aqueous separation and purification technologies for the electronics industry, and to strengthen sensing and digital technologies.

There are two new experimental buildings being constructed for these R&D activities, and preparations are underway for their operation.

The Company is committed to increasing technology research expenses as needed and promoting R&D in line with its technology development roadmap for focused areas, while also making use of open innovation and setting investment stage gates in new business areas to ensure efficient development.

Supplementary Principle 4.1.1 Scope and Content of Matters Delegated to the Management

In accordance with the provisions of the Board of Directors Regulations and the Detailed Regulations on the Operations of the Board of Directors, the Board of Directors makes decisions on important business executions including the formulation of the Medium-term Management Plan and the profit planning of a single fiscal year, investments over a certain amount and other matters. With regard to decisions on business executions for business executions other than matters that the Board of Directors shall determine, the Company prescribes the scope and content of matters delegated to the Management Meeting, Director and President, supervising Directors and others according to the size, characteristics and significance, etc. of each matter in the Authorization Regulations, the Management Meeting Regulations and the Internal Approval Regulations.

Supplementary Principle 4.3.4 Establishment of Company-wide Risk Management Systems

To promote compliance, the Company has established the Compliance Committee and is promoting company-wide initiatives such as formulating a compliance education plan and establishing a compliance system. In addition, the Company is building the PDCA cycle of the process to ensure and enhance the effectiveness of group-wide risk management. In executing management plans and strategies, the Company's Board of Directors identifies major risks among the risks pointed out by various departments/divisions and group companies. Various departments/divisions proceed with their risk responses based on the risk management plan formulated by the supervising department/division that lead the responses against those major risks. Among other activities, the Internal Auditing Dept. evaluates the progress of the risk management plan, and the Board of Directors conducts monitoring and gives directives for improvement of the plan, thereby supervising the risk management status.

Principle 4.8 Effective Use of Independent Outside Directors

As a listed subsidiary, the Company believes that the ratio of Independent Outside Directors needs to be equivalent to or above one-third in the Board of Directors. Therefore, in the 77th Ordinary General Meeting of Shareholders held on June 29, 2022, the Company continued to select three Independent Outside Directors with the total number of Directors being nine, and the ratio has become one-third.

In addition, Independent Outside Directors include those who have management experience in other companies, etc.

Principle 4.9 Independence Criteria and Qualifications for Independent Outside Directors

An outside officer of the Company shall be deemed as not satisfying the requirements for independence if any of the following statuses are applicable to him/her.

- (1) A person who is currently, or who has been during the past ten years, an executive of the Company or a subsidiary of the Company.
- (2) A person who is currently, or who has been during the past ten years, a non-executive director or an accounting advisor of the Company or a subsidiary of the Company (applicable only in the case of outside audit and supervisory board members).
- (3) A person who is currently, or who has been during the past ten years, an executive or a non-executive director of the Company's parent company.
- (4) A person who is currently, or who has been during the past ten years, an audit and supervisory board member of the Company's parent company (applicable only in the case of outside audit and supervisory board members).
- (5) A person who is currently, or who has been during the past ten years, an executive at a sister company of the Company.
- (6) A person who is currently, or who has been during the past one year, either a person who has the Company as a major business partner, or an executive of such an entity.

- (7) A person who is currently, or who has been during the past one year, either a person who is a major business partner of the Company or an executive of such an entity.
- (8) A person who is currently, or who has been during the past one year receiving a large amount of money or other assets from the Company other than remuneration for directors (and other officers) either as a consultant, an accounting professional, or a legal professional.
- (9) A person who is currently a major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation).
- (10) A person who is currently an executive at an entity under circumstances where outside officers are mutually appointed between said entity and the Company.
- (11) A person who is currently an executive at an entity that is receiving significant amount of donations from the Company.
- (12) A person whose spouse or relative within second degree of kinship falls under any of (1) through (8) above (limited to material persons).

Supplementary Principle 4.10.1 Nomination and Remuneration Advisory Committee

The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors for the nomination, remuneration, and other related matters of the Directors.

Basic principles of the independent nature of the member of the committee, as well as the authority and role of the committee are stipulated in “3 Nomination and Remuneration Advisory Committee” in the section “II 2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions.”

Supplementary Principle 4.11.1 Views on the Appropriate Balance Between Knowledge, Experience and Abilities, Diversity and Size of the Board of Directors as a Whole

The number of the Company’s Board of Directors shall be between three and ten, and in principle, one-third or more of its members shall be Independent Outside Directors.

In addition, the Company believes that ensuring the diversity of the Board of Directors is useful for its deliberation to be made in a multifaceted and effective manner, and shall select in a balanced way persons with diverse knowledge, experience and ability.

The Board of Directors of the Company currently consists of nine Directors including three Independent Outside Directors, and each Director has knowledge, experience and ability in the fields of management in general, business administration, sales, research and development, technology and industrial policy, etc., respectively. Therefore, the Company considers the Board of Directors to be well-balanced and well-diversified and of an appropriate size. In addition, Independent Outside Directors include those who have management experience in other companies, etc. This time, the Company has identified the following combination of skills necessary for achieving the medium- to long-term management plan: corporate management/management strategy; financial affairs/accounting, legal/risk management; global; sales/marketing; technology; human resource strategy; and ESG (environment, society and governance).

The Company believes that it should maintain the overall balance and diversity of the Board of Directors to make the Board of Directors effective by selecting in a balanced manner Directors who have these skills. Information about the combination of the skills possessed by each Director (a so-called skill matrix) has been included in the notice of the General Meeting of Shareholders for the Ordinary General Meeting of Shareholders held in June 2022. The notice of the General Meeting of Shareholders is announced on the Company’s website.

(<https://www.organo.co.jp/english/ir/general-meeting-of-shareholders/>)

Supplementary Principle 4.11.2 Status of Concurrent Positions of Directors

In principle, outside officers of the Company shall not concurrently serve as director or audit and supervisory board member of more than three listed companies excluding the Company.

The status of concurrent officer positions of Directors and Audit and Supervisory Board Members in other listed companies are described in the notice of the General Meeting of Shareholders, annual securities reports, as well as [Directors] and [Audit and Supervisory Board Members] of this report. The notice of the General Meeting of Shareholders is announced on the Company’s website.

(<https://www.organo.co.jp/english/ir/general-meeting-of-shareholders/>)

Outside officers of the Company currently do not serve as directors or audit and supervisory board members of more than three listed companies excluding the Company.

Supplementary Principle 4.11.3 Analysis and Assessment of Overall Effectiveness of the Board of Directors

Every year, the Board of Directors performs an analysis/assessment on the overall effectiveness of the Board of Directors, and releases a summary of the results.

The overview of the analysis/assessment performed on the overall effectiveness of the Board of Directors conducted in the fiscal year 2022 is as follows:

(1) Analysis/assessment method relating to the overall effectiveness of the Board of Directors

A survey was conducted in the following outline. In reference to the results, the Board of Directors performed analysis/assessment in regard to the overall effectiveness of the Board of Directors and future efforts in which to engage were discussed.

- Scope: a total of 12 people including all Directors of the Company (nine) and all Audit and Supervisory Board Members of the Company (three)
- Period: fiscal year 2021 (April 2021 to March 2022)
- Implementation timing: April 2022
- Implementation method: A survey where respondents have an option to remain anonymous
- Questions (major items): “Effectiveness of Board of Directors,” “Composition of Board of Directors,” “Operation of Board of Directors,” “Support systems for Non-Executive Directors and Audit and Supervisory Board Members” and “Relationships and dialogue with shareholders and investors”

(2) Overview of the analysis/assessment relating to the overall effectiveness of the overall Board of Directors

The results of the April 2022 survey again showed positive results since fiscal year 2021, exceeding the results of the April 2021 survey in all major items. In particular, the “Operation of Board of Directors” received the highest rating, followed by “Support systems for Non-Executive Directors and Audit and Supervisory Board Members” with favorable results. The analysis of the result showed that this was because the respondents gave favorable evaluations about the fact that the agendas for the Board of Directors Meeting were narrowed down to ensure sufficient time for discussion, efforts were made to provide efficient explanations, and prior explanations of important matters were provided to Non-Executive Directors. These efforts enabled the Board of Directors to discuss more thoroughly the achievement of the Long-term management plan “ORGANO 2030,” issues to ensure the diversity of senior management, the establishment of a special committee to deliberate on the transactions with controlling shareholders, and IR policies. Based on these results, it was confirmed that the effectiveness of the Board of Directors as a whole has been ensured.

On the other hand, challenges remain in the discussions regarding the eligibility of, and policy for developing the prospective employees for, the candidates for Director and President and ensuring diversity of the officers. There is also a need to further deepen discussions regarding the promotion of sustainability management and the strengthening of the risk management system.

(3) Future measures in light of the analysis/assessment relating to the overall effectiveness of the Board of Directors

The Board of Directors will implement improvement measures primarily for the following matters based on the aforementioned analysis and results.

- Discussions regarding the eligibility of, and policy for developing prospective employees for, the candidates for Director and President

In the fiscal year 2021, the Company identified the skill sets that its Directors should possess in order to achieve “ORGANO 2030” and our medium-term management plan, and reviewed the criteria for selecting candidates for officers, “Qualities and Abilities Required of Directors and Officers” to clarify the standards for determining the eligibility of candidates for Director and President.

In the fiscal year 2022, there will be more opportunities for Executive Officers and General Managers to explain and report on proposals at Board of Directors meetings and new opportunities for Executive Officers to make presentations to the members of the Board of Directors on a topic of their choice, in an effort to develop candidates for the Board of Directors. The Company will also promote the selection of candidates based on the identified skill sets and the criteria for selecting candidates for officers.

- Discussion about ensuring diversity of the officers
In the fiscal year 2022, the Company will continue discussions to ensure diversity on the Board of Directors, including the selection of female candidates for Director and other measures.
- Strengthening the risk management system
In light of the current situation where there is a greater impact on the Company's management caused by soaring raw material prices and longer delivery times due to prolonged COVID-19 infections and increased geopolitical risks, the Company will, in the fiscal year 2022, improve and strengthen the group-wide risk management system by taking such measures as newly establishing the Risk Management Office under Corporate Management and Planning and increasing the number of staff in the Internal Auditing Dept.
The Board of Directors will be involved in identifying major risks and creating risk scenarios and will monitor the progress of the risk management plan.
- Promoting the sustainability management
In the fiscal year 2021, the Company established the Sustainability Committee and its subordinate organ, the Sustainability Implementation Meeting.
In the fiscal year 2022, after discussions by the Sustainability Committee, the Board of Directors will decide on the basic policy, materiality, and KPI/targets for sustainability management, and promote sustainability management.

Supplementary Principle 4.14.2 Policy on Training for Directors and Audit and Supervisory Board Members

In order for Directors and Audit and Supervisory Board Members (including outside officers) to acquire knowledge necessary for appropriately fulfilling their roles and duties, the Company offers or arranges training opportunities based on the following policies at the expense of the Company.

- (1) If Directors or Audit and Supervisory Board Members newly assume office, the Company implements or arranges training relating to their duties and responsibilities as officers, and provides opportunities to obtain explanations regarding the Company's management plan, business overview, internal rules and other regulations.
- (2) After those persons assume office as Directors or Audit and Supervisory Board Members, the Company continues to implement training relating to laws and regulations, management, compliance, etc. by external lecturers and the Company's departments in charge, and also arranges for external organizations to provide trainings. In addition, the Company explains its businesses as necessary and offers opportunities such as office inspections so that those persons can deepen their understanding regarding the Company's businesses.
- (3) The Company implements or arranges training relating to the duties and responsibilities as officers for Executive Officers who are to be candidates for future Directors.
In addition, the Board of Directors and the Audit and Supervisory Board check the implementation status of training every year.

Principle 5.1 Policy Relating to Constructive Dialogue With Shareholders

The Company's policies relating to the system establishment, initiatives and other matters for promoting constructive dialogue with shareholders, etc. of the Company are as follows:

- (1) The Director supervising the Corporate Strategy and Planning Dept. manages the overall dialogue with shareholders, etc., and promotes constructive dialogue with shareholders, etc.
- (2) The responsible person of Corporate Strategy and Planning Dept. serves as a contact point for dialogue with shareholders, etc., and in accordance with the purpose and contents of meetings, the Director and President, other Directors including outside Directors, Audit and Supervisory Board Members or General Manager of Corporate Strategy and Planning Dept. etc., respond under the reasonable scope.
- (3) The Corporate Strategy and Planning Dept. plays a key role in the dialogue with shareholders, etc., exchanging information with the Accounting Dept., the Legal Dept. and other relevant departments/divisions on a daily basis, and strives to provide accurate and fair information.
- (4) In addition to individual meetings and telephone conferences with shareholders, etc., the Company holds a financial results presentation for investors half yearly, utilizes investor conferences hosted by securities

companies and enhances information disclosures through its website, the notice of the General Meeting of Shareholders, shareholder letters, financial results presentation materials and other media.

- (5) The Company reports to the Board of Directors material matters from among the evaluation/comments obtained through investor briefing sessions and the opinions obtained through the dialogue with shareholders.
- (6) In accordance with the Insider Transaction Prevention Regulations and the Disclosure Policy, the Company ensures information protection and management and makes efforts for fair disclosure.
- (7) The Company identifies beneficial shareholders as necessary in order to ensure effective dialogue with shareholders, etc.

2. Capital Structure

Ratio of shareholding by foreign investors	From 20% to less than 30%
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[Status of Major Shareholders] [Update]

Name	Number of shares owned (shares)	Shareholding ratio (%)
Tosoh Corporation	4,925,400	42.81
The Master Trust Bank of Japan, Ltd. (Trust account)	966,200	8.40
Custody Bank of Japan, Ltd. (Trust Account)	632,960	5.50
SSBTC CLIENT OMNIBUS ACCOUNT	279,422	2.43
Mizuho Bank, Ltd.	200,092	1.74
KBC BANK NV - UCITS CLIENTS NON TREATY	153,500	1.33
BBH The Advisors' Inner Circle Fund II Kopernik GLO All-Cap Fund	127,500	1.11
DZ PRIVATBANK S.A. RE INVESTMENTFONDS	110,000	0.96
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	102,350	0.89
BNYM AS AGT/CLTS 10 PERCENT	91,352	0.79

Controlling shareholder (excluding the parent company)	-----
Parent company	Tosoh Corporation (Listing: Tokyo) (Code) 4042

Supplementary explanation

3. Corporate Attributes

Listed stock market and market section [Update]	Prime Market of the Tokyo Stock Exchange
Fiscal year-end	March
Type of business	Machinery

Number of employees (consolidated) at the end of the preceding fiscal year	1,000 or more
Net sales (consolidated) during the preceding fiscal year	From ¥100 billion to less than ¥1 trillion
Number of consolidated subsidiaries at the end of the preceding fiscal year [Update]	From 10 to less than 50

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

With regard to the policy for measures to protect minority shareholders in conducting transactions with the controlling shareholder, the Company shall make reasonable decisions referring to contract terms and market prices, in a similar manner as with transactions with other companies that do not have a capital relationship with the Company.

Moreover, the Company established the Special Committee in April 2022 for the purpose of practicing fairness when conducting important transactions, etc. between the Company and the Company's parent company Tosoh Corporation and its subsidiaries (excluding the Company and the Company's subsidiaries), and monitoring and supervising issues regarding conflicts of interest between the parent company group and minority shareholders in such transactions, etc. to appropriately protect the interests of minority shareholders. The Company has secured the independence of this committee by having it solely consist of Independent Outside Directors (three members).

5. Special Circumstances Which May Have Material Impact on Corporate Governance [Update]

The Company's parent company is Tosoh Corporation, and the ratio of the voting rights of the Company held by Tosoh Corporation is 43.10% (for which indirect holdings ratio accounts 0.11%). Tosoh Corporation and the Company have not entered into any contracts or other agreements regarding the Company's material financial and business policies. There are no particular restrictions on the Company's material financial and business policies in relation to Tosoh Corporation, including approval items in conducting business activities. Although the Company is engaged in businesses related to the corporate group of Tosoh Corporation, the two companies are clearly segregated in terms of the products they handle and the customers they do business with. The Company recognizes that as a listed company, it has secured a certain degree of management independence in its business activities and management decisions. When an important transaction, etc. is conducted between the Company and Tosoh Corporation or one of its subsidiaries, the Special Committee, which was established in April 2022, will deliberate on such transaction, etc. from the standpoint of protecting the interests of minority shareholders and report the resulting recommendation to the Board of Directors.

In addition, from the perspective of supervision, etc. in the group management of Tosoh Corporation, the Company accepts Directors from Tosoh Corporation, however, the Company believes that the effectiveness of its corporate governance system is secured, considering that the nomination of officers, such as the selection and dismissal of Directors, and matters relating to remunerations, etc. are deliberated by the Nomination and Remuneration Advisory Committee of which Independent Outside Directors account for the majority of its members, and then determined by the Board of Directors.

While advocating for hybrid management, the Company has been making efforts to cultivate and strengthen the businesses that cover the profit fluctuation risks of the commodity business, and positions the Water Treatment Engineering Business Unit as one important role of the business portfolio that enhances the Company's hybrid management. In addition, Tosoh Corporation consistently maintains the stance of respecting the independence of the Company as a listed company in regard to the Company's management.

II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Organization form	Company with Audit and Supervisory Board
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[Directors]

Maximum number of Directors stipulated in Articles of Incorporation	10
Term of office stipulated in Articles of Incorporation	1 year
Chairman of the Board of Directors [Update]	Internal Director who does not execute business
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of independent officers designated from among Outside Directors	3

Outside Directors' relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Motoo Nagai	From another company								△			
Keikou Terui	From another company											
Kenji Hirai	Other								○			

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past;

* "●" when a close relative of the Director presently falls or has recently fallen under the category; and

"▲" when a close relative of the Director fell under the category in the past

a Executive of the Company or its subsidiary

b Non-executive director or executive of the parent company of the Company

c Executive of a fellow subsidiary of the Company

d Party whose major business partner is the Company or an executive thereof

e Major business partner of the Company or an executive thereof

f Consultant, accounting professional or legal professional who receives a large amount of money or other assets from the Company other than remuneration as a Director

g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h Executive of a business partner of the Company (which does not correspond to any of d., e., or f.) (the Director himself/herself only)

i Executive of a corporation to which outside officers are mutually appointed (the Director himself/herself only)

j Executive of a corporation that receives a donation from the Company (the Director himself/herself only)

k Other

Outside Directors' relationship with the Company (2) [Update]

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Motoo Nagai	○	Apr. 1977 Joined The Industrial Bank of Japan, Limited	<p>Motoo Nagai had worked for financial institutions for many years and had been engaged in company management as a Director and Deputy President of Mizuho Trust & Banking Co., Ltd. In addition, he has served as an outside director of other listed companies, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Audit and Supervisory Board Member and Outside Director of the Company, he has been giving us useful opinions and advices on the management of the Company, especially enhancement of governance, utilizing his abundant and various knowledge. As the Chairman of the Nomination and Remuneration Advisory Committee, he has also been leading the deliberations on matters related to the selection of candidates for Directors and the compensation of Directors, etc. After being elected, the Company expects that he will continue to fulfill the above roles and, as a member of the Special Committee, contribute to the deliberation of matters relating to important transactions between the Company's parent company group and the Company. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company has judged that he is capable of appropriately performing his duties as an Outside Director.</p> <p>He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>
		Apr. 2005 Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)	
		Apr. 2007 Managing Executive Officer (retired in April 2011)	
		Apr. 2011 Deputy President and Executive Officer of Mizuho Trust & Banking Co., Ltd.	
		June 2011 Director and Deputy President (Representative Director), Deputy President and Executive Officer	
		Apr. 2014 Administrative Officer (retired in June 2014)	
		June 2014 Outside Audit and Supervisory Board Member of the Company, Outside Statutory Auditor (Full-time) of Nissan Motor Co., Ltd.	
		June 2015 Outside Director of the Company, (current position) Outside Audit & Supervisory Board Member of Nisshin Seifun Group Inc.	
		June 2019 Outside Director of Nissan Motor Co., Ltd. (current position) Outside Director of Nisshin Seifun Group Inc. (current position)	
<p>Motoo Nagai was in the past an executive of Mizuho Trust & Banking Co., Ltd., a business partner of the Company (retired in June 2014). As of the end of March 2022, the ratio of the Company's borrowings from Mizuho Trust & Banking Co., Ltd. was approximately 6.5% in the total amount, which is not especially outstanding. Moreover, the amount relating to the outsourcing to the company was ¥19 million during the fiscal year ended March 31, 2022, which is insignificant.</p>			

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Keikou Terui	○	<p>Apr. 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>July 2008 Director-general for technology policy coordination, Minister's Secretariat</p> <p>Jan. 2011 Director-General of Kanto Bureau of Economy, Trade and Industry</p> <p>Apr. 2012 Director-General of Regional Economic and Industrial Policy (retired in June 2013)</p> <p>Aug. 2013 President of Japan Utility Telemetering Association</p> <p>Oct. 2013 Senior Research Associate of Chemicals Evaluation and Research Institute, Japan (retired in September 2016)</p> <p>June 2014 Director of Union of Japanese Scientists and Engineers Outside Director of Ube Industries, Ltd. (current UBE Corporation) (retired in June 2022)</p> <p>Mar. 2016 Outside Director of Bridgestone Corporation (current position)</p> <p>June 2016 Outside Director of the Company, (current position) Director of Chemicals Evaluation and Research Institute, Japan (retired in June 2020)</p> <p>Aug. 2018 Director of Japan Industrial Safety Competency Center (current position)</p> <p>June 2020 Executive Director of Japan Chemical Innovation and Inspection Institute (current position)</p>	<p>Keikou Terui had held a number of management positions at Ministry of Economy, Trade and Industry. At those positions, he had promoted preparation and implementation of industrial policy and demonstrated his leadership at important positions in management of organization. In addition, he has highly academic knowledge on risk evaluation and management of chemicals, and has served as an outside director of other listed companies, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Director of the Company, he has been giving us useful opinions and advices on the management of the Company, utilizing his abundant and various piece of knowledge. As a member of the Nomination and Remuneration Advisory Committee, he has also been contributing to the deliberations on matters related to the selection of candidates for Directors and the compensation of Directors, etc. After being elected, the Company expects that he will continue to fulfill the above roles and, as the Chair of the Special Committee, contribute to the deliberation of matters relating to important transactions between the Company's parent company group and the Company.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company has judged that he is capable of appropriately performing his duties as an Outside Director. He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Kenji Hirai	○	<p>Apr. 1981 Joined Sagami Chemical Research Center (currently Sagami Chemical Research Institute)</p> <p>Apr. 1990 Senior Research Fellow</p> <p>Apr. 1998 Senior Fellow</p> <p>Jan. 2002 Vice President</p> <p>Apr. 2004 Vice Chairman of the Board, President</p> <p>Dec. 2018 Vice Chairman of the Board (Representative Director), President (retired in March 2019)</p> <p>Apr. 2019 Vice Chairman of the Board (Representative Director), Research Advisor</p> <p>June 2019 Outside Director of the Company (current position)</p> <p>June 2021 Research Advisor of Sagami Chemical Research Institute (current position)</p> <p>Kenji Hirai was the Vice Chairman of the Board (Representative Director) of Sagami Chemical Research Institute (retired in June 2021). The Company and the aforesaid institute are implementing joint research. The amount of expenditure paid by the Company to the institute in the fiscal year ended March 31, 2022, is ¥10 million. In addition, the Company has made donations to the institute. The amount paid in the fiscal year ended March 31, 2022 is ¥300,000, which is insignificant.</p>	<p>Kenji Hirai, while making distinguished achievements in research of cutting-edge functional substances, high performance agrochemicals and environmental preservation substances, and development of biotechnology, has demonstrated his skills on management and operation of an organization, as Vice Chairman of the Board, President of Sagami Chemical Research Institute (retired as the President in March 2019). After being appointed as an Outside Director of the Company, he has been giving us useful opinions and advices on the management of the Company, utilizing his abundant and various piece of knowledge. As the member of the Nomination and Remuneration Advisory Committee, he has also been contributing to the deliberations on matters related to the selection of candidates for Directors and the compensation of Directors, etc. After being elected, the Company expects that he will continue to fulfill the above roles and, as a member of the Special Committee, contribute to the deliberation of matters relating to important transactions between the Company's parent company group and the Company.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company has judged that he is capable of appropriately performing his duties as an Outside Director. He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>

Voluntary establishment of committee(s) equivalent to nominating committee or remuneration committee	Established
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Committee's name, composition, and chairperson's attributes

	Committee equivalent to nominating committee	Committee equivalent to remuneration committee
Committee's name	Nomination and Remuneration Advisory Committee	Nomination and Remuneration Advisory Committee
Total committee members	4	4
Full-time members	0	0
Inside Directors	1	1
Outside Directors	3	3
Outside experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary explanation

The Nomination and Remuneration Advisory Committee considers the following matters and reports its opinions to the Board of Directors.

- (1) Matters relating to the election and dismissal of Directors of the Company (resolution matters of the General Meeting of Shareholders)
- (2) Matters relating to the selection and dismissal of the Representative Director and Directors with titles of the Company
- (3) Matters relating to the election and dismissal of Executive Officers and Directors with titles of the Company
- (4) Matters relating to the policies, regulations and other rules on the election and dismissal, etc. of the Directors and Executive Officers of the Company
- (5) Matters relating to the policies, regulations and other rules on the remuneration, etc. that are received by Directors and Executive Officers of the Company
- (6) Matters relating to the remunerations, etc. that are received by Directors and Executive Officers of the Company
- (7) Necessary matters relating to each of the aforementioned items

[Audit and Supervisory Board Members]

Establishment of Audit and Supervisory Board	Established
Maximum number of Audit and Supervisory Board Members stipulated in Articles of Incorporation	Not limited
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, the Independent Auditor and the Internal Auditing Dept.
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The Audit and Supervisory Board Members of the Company receive reporting for the matters regarding the overall business management from the Internal Auditing Dept. and the Independent Auditor, cooperate with each other, and consult lawyers, etc. as necessary, thereby securing the structure for the effective internal control system.

The Audit and Supervisory Board Members of the Company and the Independent Auditor reports the auditing status and share other information in the regular meetings.
 In principle, the Audit and Supervisory Board Members of the Company and the Internal Auditing Dept. hold a regular meeting once every two months, conduct reporting on internal auditing status and share other information.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of independent officers designated from among Outside Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Wataru Higuchi	Lawyer										△			
Nobuko Hanano	Lawyer													

* Categories for "Relationship with the Company"

* "○" when the Audit and Supervisory Board Member presently falls or has recently fallen under the category;
 "△" when the Audit and Supervisory Board Member fell under the category in the past;

* "●" when a close relative of the Audit and Supervisory Board Member presently falls or has recently fallen under the category; and

"▲" when a close relative of the Audit and Supervisory Board Member fell under the category in the past

a Executive of the Company or its subsidiary

b Non-Executive Director or Accounting Advisor of the Company or its subsidiary

c Non-executive director or executive of the parent company of the Company

d Audit and supervisory board member of the parent company of the Company

e Executive of a fellow subsidiary of the Company

f Party whose major business partner is the Company or an executive thereof

g Major business partner of the Company or an executive thereof

h Consultant, accounting professional or legal professional who receives a large amount of money or other assets from the Company other than remuneration as an Audit and Supervisory Board Member

i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

j Executive of a business partner of the Company (which does not correspond to any of f., g., or h.) (the Audit and Supervisory Board Member himself/herself only)

k Executive of a corporation to which outside officers are mutually appointed (the Audit and Supervisory Board Member himself/herself only)

l Executive of a corporation that receives a donation from the Company (the Audit and Supervisory Board Member himself/herself only)

m Other

Outside Audit and Supervisory Board Members' relationship with the Company (2) [Update]

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Wataru Higuchi	○	<p>Oct. 1993 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) (left in August 1998)</p> <p>Apr. 1997 Registered as Certified Public Accountant</p> <p>Oct. 2002 Registered as Lawyer (Dai-Ichi Tokyo Bar Association) Joined SEIWA KYODO LAW OFFICE (SEIWA MEITETSU LAW OFFICE)</p> <p>Oct. 2007 Partner (left in September 2018)</p> <p>June 2016 Outside Director (Serving as Audit and Supervisory Committee Member) of Marubeni Construction Material Lease Co., Ltd. (current position)</p> <p>Oct. 2018 Representative Partner of OOTEMON LAW AND ACCOUNTING (current position)</p> <p>June 2019 Outside Audit and Supervisory Board Member of the Company (current position)</p> <p>Oct. 2019 Executive Officer of Advance Residence Investment Corporation (current position)</p> <p>Mar. 2022 Inspector, The Professional Golfers' Association of Japan (current position)</p> <p>The Company consulted Wataru Higuchi for legal advice, etc. in the past, but the compensation payment from the Company to him in the fiscal year ended March 31, 2019, was less than ¥100,000, which is insignificant. Moreover, during the fiscal year ended March 31, 2020, and the fiscal year ended March 31, 2022, the Company did not have any payments to him for legal advice, etc.</p>	<p>Wataru Higuchi, as a lawyer and certified public accountant, has highly professional knowledge and experience relating to legal, finance and accounting. In addition, he has served as an outside director who is an audit and supervisory committee member of another listed company, deepening his knowledge on multidimensional corporate management.</p> <p>In addition to high ethical standards and ability to make decisions fairly and impartially, which are essential for an Audit and Supervisory Board Member, he also possesses the necessary experience and insight to conduct an appropriate audit to the management of the Company.</p> <p>Therefore, the Company has judged that he is capable of appropriately performing his duties as an Outside Audit and Supervisory Board Member. He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Nobuko Hanano	○	<p>Apr. 1991 Joined Nomura Research Institute, Ltd. (left in April 1995)</p> <p>Oct. 2000 Registered as Lawyer (Dai-ichi Tokyo Bar Association) Joined KOHWA SOHGOH LAW OFFICES</p> <p>Oct. 2004 Partner (current position)</p> <p>Mar. 2019 Outside Audit and Supervisory Board Member, Kanro Inc. (current position)</p> <p>Apr. 2020 Auditor, Drone Service Promotion Association (current position)</p> <p>June 2021 Outside Audit and Supervisory Board Member of the Company (current position)</p>	<p>After working for one of Japan's largest consulting firms as a management researcher, Nobuko Hanano has worked extensively as a lawyer. In addition, she has served as an outside auditor of other listed companies, deepening her knowledge on multidimensional corporate management. She is expected to contribute to highly effective auditing by utilizing her abundant and various piece of knowledge.</p> <p>In addition to high ethical standards and ability to make decisions fairly and impartially, which are essential for an Audit and Supervisory Board Member, she also possesses the necessary experience and insight to conduct an appropriate audit to the management of the Company. Therefore, the Company has judged that she is capable of appropriately performing her duties as an Outside Audit and Supervisory Board Member. She also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated her as an independent officer.</p>

[Independent Officers]

Number of independent officers	5
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Matters relating to independent officers

The Company has designated all outside officers who satisfy the requirements for independent officers as independent officers.

[Incentives]

Implementation of measures to provide incentives to Directors	Performance-linked remuneration
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Supplementary explanation

The relevant information is described in this report in [Disclosures Based on the Principles of Japan's Corporate Governance Code] Principle 3.1 Full Disclosure, (3) Policies and procedures in determining remuneration to Directors and Audit and Supervisory Board Members.

Stock option recipients	
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Supplementary explanation

[Director Remuneration]

Disclosure status (of remunerations to individual Directors)	Individual remunerations are not disclosed
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Supplementary explanation [Update]

The remunerations to Directors and Audit and Supervisory Board Members are disclosed in securities reports and business reports.

- 1 The total amount of remuneration, etc. and the number of eligible Directors by the director category of the Company
The following are the total amount of remuneration, etc. paid to Directors and Audit and Supervisory Members and the number of recipients during the 77th fiscal year.

Officer category	Total amount of remuneration, etc.	Fixed remuneration (number of people) [Monetary remuneration]	Short-term performance-linked remuneration (number of people) [Monetary remuneration]	Medium-to-long-term performance-linked remuneration (number of people) [Non-monetary remuneration (shares)]
Directors (excluding Outside Directors)	¥286 million	¥90 million (7 persons)	¥127 million (7 persons)	¥68 million (7 persons)
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	¥17 million	17 million (1 person)	—	—
Outside Directors	¥33 million	¥33 million (3 persons)	—	—
Outside Audit and Supervisory Board Members	¥19 million	¥19 million (3 persons)	—	—

* The above figures include one Director and one Outside Audit and Supervisory Board Member who retired upon the conclusion of the 76th Ordinary General Meeting of Shareholders held on June 29, 2021.

* The above amount of the medium-to-long-term performance-linked remuneration [non-monetary remuneration (shares)] describes the amount that should be recorded as expenses in the current fiscal year among the remuneration delivered in the current fiscal year and the remuneration to be delivered in the following fiscal year.

- 2 The total amount, etc. by director of the Company
As no one received the remuneration amount, etc. equal to or above ¥100 million in total, such information is not described.
- 3 Material matters among the employee salaries for officers concurrently serving as employees
There are no material matters to be disclosed regarding the employee salaries for officers concurrently serving as employees.

Policy for determining remuneration amounts or calculation methods thereof	Established
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Disclosure of policy for determining remuneration amounts or calculation methods thereof

The policies and procedures in determining the remunerations to Directors and Audit and Supervisory Board Members are described in this report in [Disclosures Based on the Principles of Japan's Corporate Governance Code] Principle 3.1 Full Disclosure, (3) Policies and procedures in determining remuneration to Directors and Audit and Supervisory Board Members.

The retirement benefit plan for officers was abolished on the date of the 62nd Ordinary General Meeting of Shareholders held on June 28, 2007.

[Supporting System for Outside Directors and/or Outside Audit and Supervisory Board Members]

The Corporate Secretariat Office serves as a contact point to Outside Directors and arranges the schedules while collecting and explaining necessary information.

The Secretariat for the Audit and Supervisory Board serves as a contact point to Outside Audit and Supervisory Board Members and arranges the schedules while collecting and explaining necessary information.

With regard to information communication, except for particularly urgent or highly confidentiality matters, the Company distributes the materials relating to the agendas and proposals at the Company's Board of Directors to Directors and Audit and Supervisory Board Members sufficiently prior to the date of the Board of Directors. In principle, the Company also distributes agendas and materials regarding important meetings, etc. including the Management Meeting and the Monthly Business Conference prior to the date of those meetings. In addition, the relevant departments/divisions provide advance explanations as necessary.

[Status of Persons Who Have Retired from a Position Such as Representative Director and President]

Retired Representative Director and Presidents, etc. holding advisory or any other position in the Company

Name	Title/Position	Responsibilities	Working form/conditions (Full-time/part-time, paid/unpaid, etc.)	Date of retirement from position such as President	Term of office
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Total number of retired Representative Director and Presidents, etc. holding advisory or any other position in the Company	0
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Other matters

The Company has a system to delegate the position of Executive Advisor to a person who has retired as Representative Director and President of the Company.

The Executive Advisor offers advice based on his/her experience and knowledge as a corporate manager in order to facilitate a smooth handover between executive management members in the event of changes in management, and engages in specific operations that are commissioned on an individual basis as necessary. No one currently falls under this position.

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Update]

1 Board of Directors

The Board of Directors consists of nine Directors (including three Outside Directors), holds meetings at least once per month in principle (a total of 15 meetings were held during the 77th fiscal year), and provides decision-making for the execution of important and supervises the status of business execution.

In addition, the Company strives to enhance the supervision function on management by setting the ratio of Independent Outside Directors in the Board of Directors at equal to or above one-third.

All of three Audit and Supervisory Board Members attend the Board of Directors, receive reporting and explanations regarding the businesses and provide opinions as necessary, thereby auditing the status of business executions by the Representative Director and other management execution members.

2 Audit and Supervisory Board Members and the Audit and Supervisory Board

The Company establishes the Audit and Supervisory Board consisting of three Audit and Supervisory Board Members (including two Outside Audit and Supervisory Board Members). In principle, the Audit and Supervisory Board is held once per month (a total of 14 meetings were held during the 77th fiscal year), prescribes the audit policy for the fiscal year under review, allocation of duties of each Audit and Supervisory Board Member, specific implementation matters and schedules, and audits performance of duties by Directors.

In addition to attending the important meetings such as the Board of Directors and to auditing and verifying the status of decision-making by Directors, Audit and Supervisory Board Members receive reporting regarding the results of audit operations from each Audit and Supervisory Board Member and discuss those matters in the Audit and Supervisory Board.

Two Audit and Supervisory Board Members have appropriate knowledge relating to finance and accounting, and two members have appropriate knowledge of legal matters.

The Secretariat for the Audit and Supervisory Board is established to support the duties of Audit and Supervisory Board Members.

3 Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee is established as a non-statutory advisory body to the Board of Directors in order to ensure objectivity and transparency in the process of nominating officers, such as selection/dismissal, etc. of Directors and Executive Officers, and of determining remuneration, etc. for Directors, etc. and to set an appropriate amount of remuneration.

The number of the Nomination and Remuneration Advisory Committee shall be equal to or above three Directors selected by the resolution of the Board of Directors, and Outside Directors account for its majority in order to secure the independence of the committee. The Nomination and Remuneration Advisory Committee of the Company currently consists of four members (including three Independent Outside Directors and one Internal Director), of whom one Independent Outside Director serves as the committee chairman. Ten meetings were held during the 77th fiscal year.

4 Special Committee

The Special Committee is established in April 2022 for the purpose of practicing fairness when conducting important transactions, etc. with the Company's parent company Tosoh Corporation and its subsidiaries (excluding the Company and the Company's subsidiaries), and monitoring and supervising issues regarding conflicts of interest between the parent company group and minority shareholders in such transactions to appropriately protect the interests of minority shareholders. The Company has secured the independence of this committee by having it solely consist of Independent Outside Directors (three members).

5 Executive Officer System

The Company has introduced an Executive Officer System, and 15 members (in which four Executive Officers concurrently serve as Director) are selected. This system allows for differentiating the "management decision-making and supervision function" of Directors and the "business execution function" of Executive Officers, thereby clarifying responsibilities and accelerating decision-making.

6 Management Meeting

The Management Meeting consists of Executive Directors and Executive Officers with titles, holds meetings twice per month in principle (a total of 27 meetings were held during the 77th fiscal year), and proposes medium- and long-term strategies, etc. and discusses important management agendas. Non-Executive Directors and Audit and Supervisory Board Members are able to participate in the Management Meeting and express opinions, etc., as necessary, and in this way the Company strives to ensure the effectiveness of supervision by Directors and audits by the Audit and Supervisory Board Members.

7 Monthly Business Conference

The Monthly Business Conference consists of Executive Directors, Executive Officers, General Managers, etc., holds meetings once per month in principle (a total of 12 meetings were held during the 77th fiscal year), reports the matters approved at the Management Meeting and confirms the progress, etc. of each business, the Medium-term Management Plan and the profit plan of each fiscal year.

In addition, once every quarter the Monthly Business Conference is held as the Group Liaison Conference, which includes Presidents of group companies, General Managers of overseas departments, General Managers of administrative departments, and Branch General Managers, and the same progress confirmation, etc., is made for the overall Group including the group companies.

Non-Executive Directors and Audit and Supervisory Board Members are able to participate in the Monthly Business Conference and express opinions, etc., as necessary, and in this way the Company strives to ensure the effectiveness of supervision by Directors and audits by the Audit and Supervisory Board Members.

8 Compliance Committee

The Compliance Committee consists of nine Internal Officers (including four Directors) and takes initiatives to establish the compliance system and formulate compliance education plans.

9 Sustainability Committee

The Company established the Sustainability Committee in December 2021. The committee consists of Executive Directors and Executive Officers with titles.

The committee plans, proposes and implements the measures to promote sustainability management based on the basic policy determined by the Board of Directors.

The Sustainability Implementation Meeting, the subordinate organization, promotes specific measures.

10 Internal Auditing Dept.

The Internal Auditing Office, the organization under the direct control of Representative Director and President in the Internal Auditing Dept., consists of seven members and implements internal auditing across the Group. The department implements internal auditing based on the Internal Auditing Regulations, grasps the issues and problems on business executions, and offers advice for enhancing the functions.

In addition, the department holds a regular meeting once every two months in principle, conducts reporting on internal auditing status and shares other information.

The department also holds a meeting with the Independent Auditor as necessary, conducts reporting on internal auditing status and shares other information.

11 Independent Auditor

KPMG AZSA LLC implements the auditing during the 77th fiscal year based on the Companies Act and the Financial Instruments and Exchange Act. Two certified public accountants, Kentaro Yamamoto and Yoshitaka Kuwamoto, executed the operations, and five certified public accountants and seven other staff supported the audit operations.

The Independent Auditor reports the auditing status and shares other information in the discussions with the management and the regular meetings with Audit and Supervisory Board Members.

12 Independent officers

The Company designates three Outside Directors and two Outside Audit and Supervisory Board Members as independent officers.

13 Limited liability agreements

In accordance with Article 427, paragraph (1) of the Companies Act and the Articles of Incorporation of the Company, the Company has entered into respective limited liability agreements with Directors (excluding the persons who are Executive Directors, etc.) and Audit and Supervisory Board Members.

3. Reasons for Adoption of Current Corporate Governance System [Update]

While emphasizing the decision-making function relating to business executions in the Board of Directors consisting mainly of Directors who are well-versed in practical tasks, the Company sets the ratio of Independent Outside Directors in the Board of Directors at equal to or above one-third in order to enhance the supervisory function relating to business executions. Furthermore, the Company enhances the transparency and

objectivity relating to the decisions of nomination and remuneration, etc. for Directors, etc. by establishing the Nomination and Remuneration Advisory Committee, in which Independent Outside Directors account for the majority, as a non-statutory advisory body to the Board of Directors.
In addition, Audit and Supervisory Board Members having independent authority to audit conduct auditing from an independent viewpoint, and thereby a supervisory system on management is in place.
The Company has adopted the current corporate governance system based on the aforementioned points.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Shareholders Meetings and Smooth Exercise of Voting Rights

	Supplementary explanation
Early notification of the General Meeting of Shareholders	In order for shareholders to secure sufficient time to consider the proposals to the General Meeting of Shareholders and exercise their voting rights appropriately, the Company shall send the notice of the Ordinary General Meeting of Shareholders no later than three weeks before the date of the General Meeting of Shareholders and also disclose the content of the General Meeting of Shareholders on the websites of the Company and the Tokyo Stock Exchange.
Allowing electronic or magnetic exercise of voting rights	The Company has adopted magnetic exercise of voting rights.
Participation in electronic voting platform and other efforts to enhance the voting environment for institutional investors	The Company participates in the electronic voting platform operated by ICJ, Inc.
Providing convocation notice in English (translated fully or partially)	In order to facilitate exercising of voting rights by foreign investors, the Company has prepared the Notice of the General Meeting of Shareholders in the English version and discloses it on the websites of the Company and the Tokyo Stock Exchange. The Company's English website (https://www.organo.co.jp/english/)
Other	The Company holds shareholder briefing sessions after the conclusion of the General Meeting of Shareholders. The Representative Director and President (including a person who is expected to assume the position) explains the business overview, future business development, etc., and holds a question-and-answer session. Shareholder briefing session materials are available on the Company's website. (https://www.organo.co.jp/english/ir/) However, the Company refrained from holding the shareholder briefing sessions this year from the perspective of preventing the infection and spread of the new coronavirus (COVID-19).

2. IR Activities [Update]

	Supplementary explanation	Explanation by Representative
Preparation/publication of disclosure policies	The Company prescribes the “Disclosure Policy” as the policy relating to the information disclosure of the Company, and makes the policy available on its website. (https://www.organo.co.jp/english/ir/disclosure/)	
Holding regular investor briefings for analysts/institutional investors	The Company holds semi-annual financial results presentations, one for the first six months of the fiscal year and the other for the full fiscal year. Since the fiscal year 2021, the Company has been holding interactive web-based presentations in which the Representative Director and President provides an overview of the financial results and profit plan, as well as the Medium-term Management Plan, followed by a question-and-answer session. The presentation is attended by about 50 people, mainly institutional investors, and a video of the presentation and a summary of the question-and-answer session are posted on the Company’s website. The Company also strives to strengthen dialogue with shareholders through small meetings hosted by securities companies and other organizations, as well as individual meetings.	Yes
Posting IR materials on the website	The Company’s website contains various disclosure materials including financial results reports, securities reports, quarterly reports, presentation materials and explanatory videos for the financial results presentations, materials for timely disclosures, shareholder letters, integrated reports, corporate governance reports, and major financial data. English versions of financial results reports, materials for the financial results presentations, materials for the timely disclosures, integrated reports, corporate governance reports, and major financial data are also prepared and posted on the Company’s website. Japanese website (https://www.organo.co.jp/ir/) English website (https://www.organo.co.jp/english/ir/)	
Establishment of the department (responsible person) relating to IR	To enhance dialogue with shareholders, the Investor Relations Office was established in the Corporate Strategy and Planning Dept. in June 2022, as a department specializing in investor relations. The supervising Director is Tetsushi Honda who is in charge of Corporate Strategy and Planning Dept., and three employees are in charge of IR matters.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary explanation
Provisions to ensure due respect for stakeholders in internal rules, etc.	The Company prescribes the “Organo Group Company Code of Conduct” as a basic code of conduct with which officers and employees of the Group must comply. The Code specifies that the Company shall continue to serve as the partner company of all stakeholders such as customers, business partners, shareholders, employees and society, and its individual provisions stipulates the matters of respecting the relationship with each stakeholder. The “Organo Group Company Code of Conduct” is available on the Company’s website. (https://www.organo.co.jp/english/company/ecology/)
Implementation of environmental activities, CSR activities, etc.	The Company promotes environmental activities and other initiatives to fulfill its corporate social responsibility. The Company summarizes the status of these activities in its integrated reports (the “ORGANO GROUP REPORT”), available on its website. (https://www.organo.co.jp/english/ir/group-report/)

IV Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development [Update]

The resolution of the Board of Directors regarding the basic policy on the internal control system is as follows:

- 1 System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
 - The Company will establish the Organo Group Company Code of Conduct and the Compliance Regulations and will ensure that all officers and employees of the Company are aware of them.
 - To promote compliance, the Company will establish the Compliance Committee to formulate a compliance education plan, establish a compliance system, and enact other company-wide initiatives.
 - The Company has established the Whistleblowing Regulations in order to ensure the effectiveness of compliance, and the system allows the Company’s officers and employees to directly report to or consult with the Company’s Legal Dept., the Audit and Supervisory Board Members, or external lawyers about systematic or personal legal violations, etc.
 - The Company will seek to raise awareness of compliance by providing compliance training to the Company’s officers and employees as necessary.
 - The Internal Auditing Dept. will perform periodic audits concerning the performance of duties and compliance practices.
 - In order to carry out appropriate financial reporting for the Group, the Company establishes and operates a system of internal control over financial reporting, including the establishment of an internal control policy for financial reporting and the establishment of an internal control department, and evaluates this system.
- 2 System for retaining and managing information pertaining to the performance of duties by Directors
 - The Company will appropriately retain and manage documents and other information concerning the performance of duties by Directors in accordance with internal rules such as the Documents and Information Management Regulations, the Corporate Information Basic Management Regulations, etc.
 - The Directors and the Audit and Supervisory Board Members may inspect such documents and other information as necessary.
- 3 Rules and other systems for management of risk of loss
 - The Company will establish various rules, including the Crisis Management Basic Regulations, and establish and operate a risk management system in order to respond to the various risks in business activities.
 - Each department will independently manage the risks of daily business activities, such as economic risks and financial risks relating to regular transactions, under the guidance of the supervising Director.

- 4 Systems to ensure efficiency of the performance of duties by Directors
- The Company will ensure to establish the system that enables appropriate and efficient performance of duties. Specifically, among others, the Board of Directors makes decisions on important business execution and supervises the status of business execution at the meetings (held at least once per month in principle), whereas Executive Directors and Executive Officers with title formulate medium- to long-term strategies, etc. and discuss important management issues at the Management Meetings (held twice per month in principle).
 - The Company has introduced an Executive Officer System in seeking to differentiate the “management decision-making and supervision function” of Directors and the “business execution function” for Executive Officers, thereby clarifying responsibilities and accelerating decision-making.
 - In business management, the Company sets company-wide goals based on the Medium-term Management Plan approved by the Board of Directors and the profit plan for each fiscal year, and at the Monthly Business Conference (in principle, held once per month, and once per quarter as the Group Liaison Conference including Presidents of group companies, etc.) consisting of Executive Directors, Executive Officers, and General Managers, etc., ensures the appropriate execution of all projects through evaluating progress reports by the General Managers on the business of each department.
- 5 System to ensure the appropriateness of business operations of the corporate group consisting of the Company, its parent company and subsidiaries
- A) Systems for the reporting of items related to the performance of the duties of directors, etc. of subsidiaries to the Company
- The Company will provide Group Companies Management Regulations, and require reports from the group companies on management policies/management plans, human resources/organization, accounting/financial affairs, audits, disasters/accidents, and other important matters. These reports will be made at the Group Liaison Conference (in principle, held once per quarter).
- B) Rules and other systems for management of risk of loss at subsidiaries
- At the Company, each supervising Director and the Corporate Strategy and Planning Dept. provide comprehensive advice and guidance on business management and risk management systems for group companies.
- C) System to ensure efficiency of the performance of duties by directors, etc. of subsidiaries
- The Company will set company-wide goals based on the Organo Group’s Medium-term Management Plan approved by the Board of Directors and the profit plan for each fiscal year, and at the Group Liaison Conference will ensure the appropriate execution of all projects through evaluating business progress reports by the Presidents of each group company.
 - The Company will establish a system to make the business operations of group companies more efficient by providing and sharing indirect business operations and optimizing funding and management.
- D) System to ensure that directors, etc. and employees of subsidiaries perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
- The Company will prescribe the Organo Group Company Code of Conduct as a basic code of conduct with which all officers and employees of group companies must comply, and seek to spread awareness.
 - The Company will provide compliance training to the group companies’ officers and employees as necessary.
 - The Company’s Internal Auditing Dept. will perform audits concerning the performance of duties and compliance practices of group companies.
 - The officers and employees of group companies are also able to use the Company’s whistleblowing system.

- E) Other system to ensure the appropriateness of business operations of the corporate group consisting of the Company, its parent company and subsidiaries
- From the perspective of internal controls pertaining to consolidated financial statements, the Company's Internal Control Dept. and Accounting Dept. will cooperate in the development and operation of the accounting and financial reporting processes of the group companies.
 - The Company will ensure a certain degree of independence in business activities and management decisions from the Company's parent company, Tosoh Corporation, and promotes appropriate coordination of activities through regular meetings, etc., with the company.
- 6 Matters relating to employees that assist the Audit and Supervisory Board Members upon the request of such Audit and Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors and matters relating to effectiveness of directions given to such employees to be ensured
- The Company will establish a secretariat for the Audit and Supervisory Board and assign employees that assist in the duties of Audit and Supervisory Board Members.
 - Audit and Supervisory Board Members will make personnel evaluations of employees that assist in the duties of Audit and Supervisory Board Members, and will determine proper procedures for handling matters related to human affairs, including personnel changes, for employees that assist in the duties of the Audit and Supervisory Board members with the prior consent of the Audit and Supervisory Board.
 - Employees that assist in the duties of the Audit and Supervisory Board Members will not receive instructions or orders from executives, but will follow direct instructions or orders from Audit and Supervisory Board Members.
- 7 System for directors, etc., and employees of the Company and its subsidiaries to report to Audit and Supervisory Board Members of the Company, and system for ensuring that these parties will not be treated adversely due to making reports
- If Audit and Supervisory Board Members of the Company request reports from Directors and employees of the Company and group companies or audit and supervisory board members of group companies, they will provide an appropriate report without delay.
 - Directors and employees of the Company and group companies or audit and supervisory board members of group companies will immediately report to the Audit and Supervisory Board Members of the Company if they discover facts that could cause significant damage on the Company or the group companies.
 - Audit and Supervisory Board Members participate in important meetings such as the Board of Directors, the Group Liaison Conference, etc., and will request explanations from the Directors and employees of the Company and group companies as necessary.
 - The Legal Dept. and external lawyers who serve as contact points for the whistleblowing system will report to the Audit and Supervisory Board Members of the Company on the whistleblowing information received from the Directors and employees of the Company and group companies in accordance with the Whistleblowing Regulations.
 - The Company's Audit and Supervisory Board Members also serves as a contact point for the whistleblowing system.
 - The Company will ensure that Directors and employees of the Company and group companies who make reports to the Audit and Supervisory Board Members of the Company, or otherwise make a report in accordance with the Whistleblowing Regulations, will not be treated adversely due to the report or the act of making the report.
- 8 Other systems to ensure that Audit and Supervisory Board Members perform audits effectively
- The Representative Director will regularly exchange opinions with the Audit and Supervisory Board Members on matters related to overall management.
 - The Audit and Supervisory Board Members will receive reports from the Independent Auditor, Internal Auditing Dept., and Audit and Supervisory Board Members of group companies, seeking mutual cooperation and consulting with lawyers as necessary.
 - The Company will bear any expenses incurred by Audit and Supervisory Board Members in the performance of duties, provided that these expenses have not been deemed unnecessary in the performance of duties by Audit and Supervisory Board Members.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

Basic views on eliminating anti-social forces and progress of related efforts are as follows:

<Basic views on eliminating anti-social forces>

The Organo Group Company Code of Conduct prescribes its basic policy to “resolutely confront any antisocial forces or organizations that pose a threat to the order and security of civil society, and sever any relationship with such concerned individuals and organizations.”

<Status of development of efforts toward the elimination of anti-social forces>

The Company establishes the responsible person with the General Affairs Dept. managing the overall responses, based on the Organo Group Company Code of Conduct toward the elimination of anti-social forces. In addition, the Company cooperates with lawyers, the police and regional companies as external specialized agencies, collects the information relating to anti-social forces and shares the information across the Organo Group. The Company is implementing training activities, etc. as needed for the departments in charge across the Organo Group.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of anti-takeover measures	Not adopted
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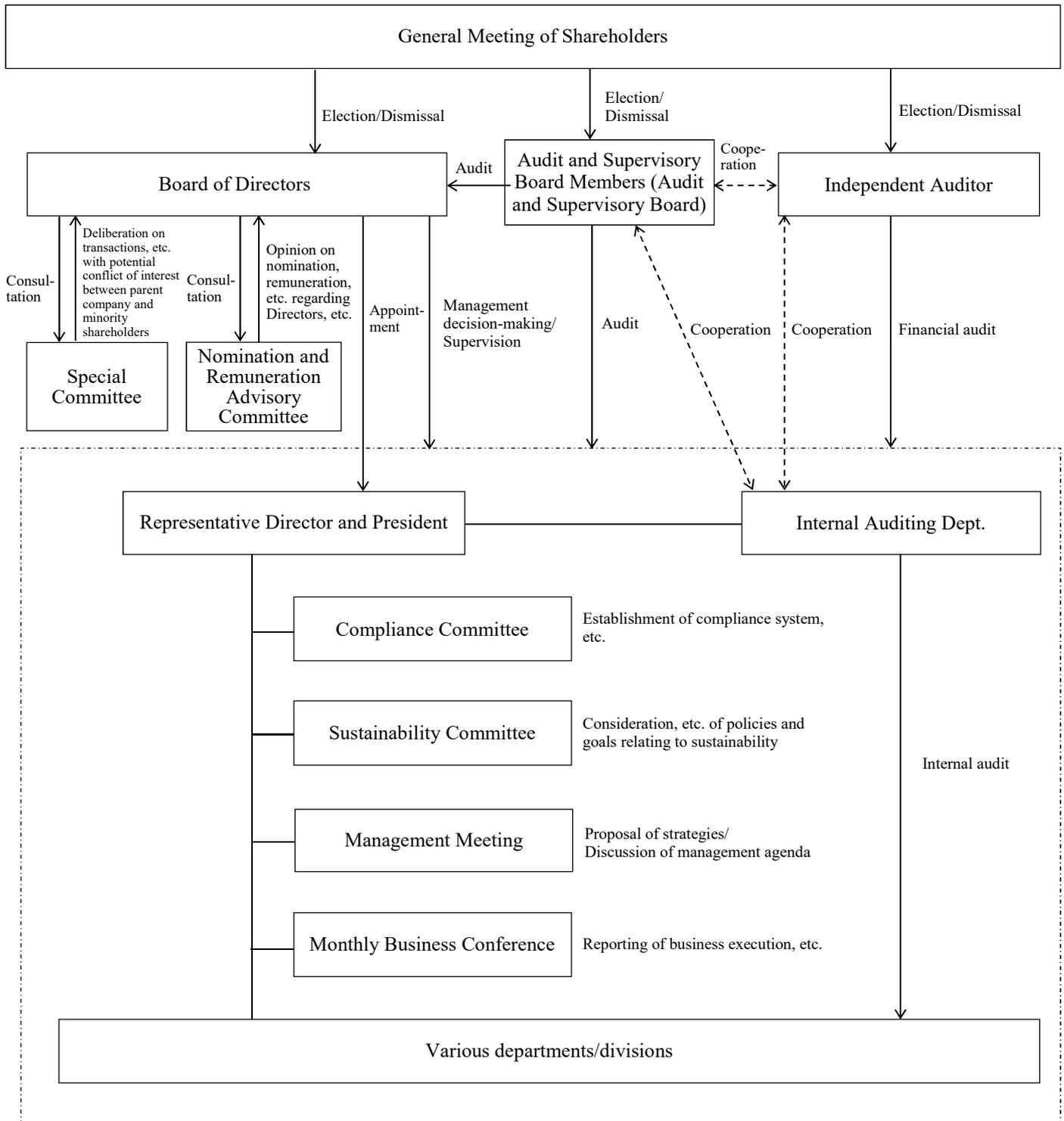
Supplementary explanation

The Company currently has no plans to introduce anti-takeover measures.

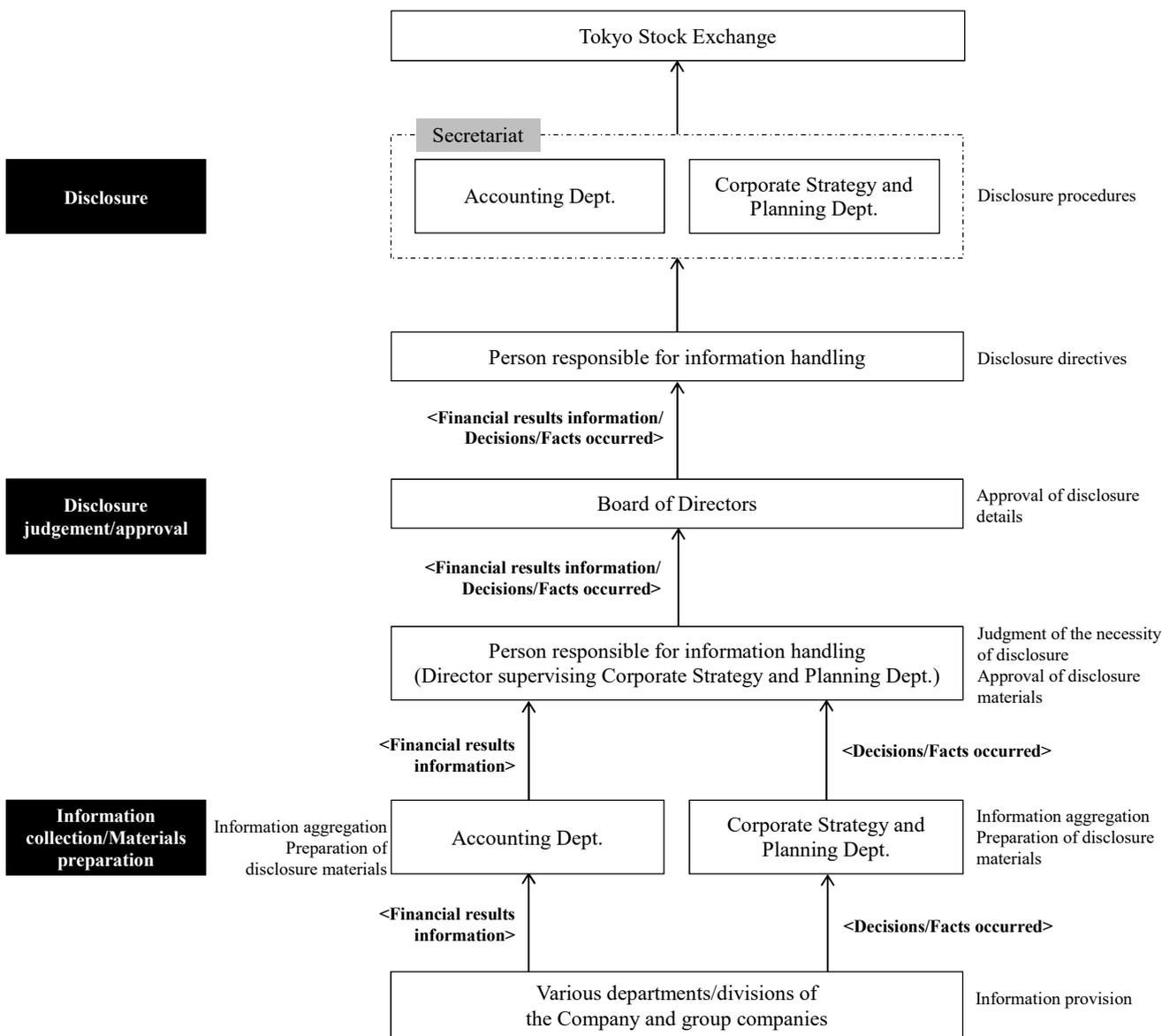
2. Other Matters Concerning Corporate Governance System

Not applicable.

Schematic view of corporate governance structure



Overview of timely disclosure system (schematic view)



* If some information such as the facts occurred and the disclosures based on the fair disclosure rules needs to be disclosed urgently, such information may be disclosed through the confirmation of Director and President after obtaining the approval of the person responsible for information handling (Director supervising Corporate Strategy and Planning Dept.). After disclosure, such matter shall be reported in the Board